



Choosing a Platform for Revenue-Generating Online Training

An ExtensionEngine White Paper



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Choosing a Platform for Revenue-Generating Online Training

Summary

When building online training to generate revenue — a program, course, certification, or degree — a critical decision is what technology platform to use. Options range from traditional learning management systems (LMS), to one of the more modern LMS platforms, to an integration of best-of-breed tools, to building a high-end custom platform driven by your desired learning experience and differentiators.

This white paper compares approaches and provides a framework for helping you make a decision about which technology platform to use for your online training.

Audience

Decision-makers and training professionals in corporate, association, and nonprofit organizations who are creating online learning to generate revenue or create impact.

Related content

1. [View the recorded webinar, Custom Learning Experiences: When No LMS Will Do.](#)
2. [Online Learning 3.0 is Happening and You're Probably Behind white paper.](#)
3. [Think Like a Product Company blog post.](#)

OK, you're going to do it. You are finally ready to create an exciting new online learning offering that will generate revenue, create impact, and help transform your organization. You are done with all the meetings and committees, and most of your research. It's go time!

The first choice you need to make is the platform on which your new online learning offering will live. Should be easy right? LMS platforms have been around for 20+ years, this problem has been solved before, just pick one among the 700+ options.

Well, not so fast — it's not that easy. And this white paper is intended to help you think it through.

And who are we? ExtensionEngine is a services company that helps external training providers develop online learning offerings that create impact and revenues. We've helped organizations such as Harvard Business School, MIT, AICPA, Life is Good Kids Foundation, Fitch Learning, and many others think through the exact questions we've posed here — and that you are now facing.

Let's start with some perspective on how to think about this. Then we'll list options, discuss pros and cons, and provide a template to help you work through your decision.

Perspective

When we work with clients, the first thing we encourage is for them to get out of the mindset of "putting a course online" and get into the mindset of "creating a product." As outlined in the blog post [Think Like a Product Company](#), once you intend to generate revenue, you are creating an online product and an online business, not just putting a course online. And your product has to be special, unique, and very specific to what your market wants. In other words, you need to think like a product company.

There are many elements to doing this right that are typically overlooked by people we speak with. You need a business plan that outlines the market, competition, revenue and cost projections. You need learner personas, team and operational resources, ecommerce, positioning, differentiators, and more. You may need to create an organizational structure, processes and resources similar to those of a tech product company. And you need a product vision.

We also preach that you start with the learners. What do they need, how do they learn, where do they learn, when do they learn, what are their other options, and what are their incentives? From there, you should consider pedagogies that your organization

can support, that best deliver the learning you have in mind, and that fit your learner personas.

For example, if your learners are busy working professionals who have varying levels of existing knowledge, adaptive learning and/or competency-based learning might fit best. For learning skills that are usually done in collaboration with other people, team-based project work is best. For highly technical skills, simulations might be the ticket. For creative subjects, group or expert critiques might be valuable. There are so many options today that the old approach of "watch a video, read some text, take an assessment" is just not going to cut it. You can read more about these approaches in our [white paper called "Online Learning 3.0"](#).

So, first you should think of your online learning as a product: create the business plan, the organizational structure, and your vision. Next, you need to refer to the learner persona(s) you've built and identify the key functionalities a platform must have to meet your learners' needs, including pedagogies. Now you have a baseline from which you can evaluate options for creating and hosting your online learning.

A learning destination site is a shared website that offers courses from many different providers.

Platform Options

There are two core questions that you need to answer: how are you going to build and manage content? And where are learners going to access this content? A high level view reveals these options:

- Learning Destination Sites
- Traditional Commercial Learning Management Systems
- Open Source Learning Management Systems
- Modern Learning Management Solutions
- Learning Management Ecosystems
- Custom Built Platforms

Let's explore what each of these is and does.

Learning Destination

A learning destination site is a shared website that offers courses from many different providers. Think of this as a storefront, much like how Amazon is the front end for many retailers. You would need to author your courses using an authoring tool or LMS (which may be provided by the site) and then either upload or link the courses to the site, depending. The sites usually handle learner registration and eCommerce for you.

Destination sites are nice options if your target learner already visits often and the content is pretty straightforward. These sites offer the advantages of doing most of the work for you, but, of course, you have

very little control over placement, branding and experience. Common sites include Udacity, Udemy, Coursera, and edX. Many industries have their own niche sites as well.

Learning Management System

A traditional commercial Learning Management System (LMS) is a platform that provides the basic functionality necessary for developing and hosting an online course. It gives course designers the means to author courses, store them, manage learning profiles, report grades and progress, and provides other simple functionalities necessary for online courses.

There are over 700 LMS providers in the market, companies like Saba, SumTotal, Cornerstone, Healthstream and more. Most of these vendors target the corporate L&D market, and their products are geared for internal training. Some will have “extended enterprise” features, which make it easier to extend content created for internal audiences to external audiences. These systems tend to include features like branded external learner sites, eCommerce, segregation of learners from internal content, and more.

Open Source Learning Management System

An open source Learning Management System (LMS) is a platform that also provides the basic functionality necessary for developing and hosting an online course. Most offer much of the same functionality as commercial LMS solutions.

An Open Source LMS is typically free of charge and can be customized. For each platform, there are usually communities of vendors who can configure, host, and customize these solutions for a fee. Common open source learning platforms are Moodle, Sakai and Open edX. These platforms tend to be better suited to external learning.

An open source Learning Management System (LMS) is a platform that provides the basic functionality necessary for developing and hosting an online course – but is free and can be customized.



Modern learning management solutions focus on learner experience and sometimes specific pedagogies.

Modern Learning Management Solutions

With the well-documented frustration that learners often have with corporate LMS solutions and traditional online learning a new wave of modern learning management solutions has emerged. These are typically smaller companies, sometimes still in startup mode, who focus on learner experience and sometimes on specific pedagogies, such as competency-based learning, that aren't well supported in traditional LMS solutions. While they might not have the maturity and stability of traditional LMS vendors, they often provide a much better user experience.

Vendors in this category include companies like Docebo, Totara, Litmos, Motivis, and NovoEd. It is unfair to list just these; there are many more, and the landscape continually changes. Most of these vendors specialize in a market or pedagogy. Some provide good functionality for external training or even focus on this. But as with all commercial software, there are always limitations and constraints.

Learning Management Ecosystems

The next category is learning management ecosystems. With this model, organizations look to use best-of-breed "point" solutions and knit them together into one solution. For example, you may use a separate LMS, learning record Store (LRS), course authoring software, video platform, assessment tool, adaptive learning engine, chat and discussion

forum, authentication service, eCommerce site, and learning content management solution. These are integrated together and presented to the learner as one solution. In fact, the front end of this might be custom built so that it creates the illusion of a single system and creates a graceful experience for the learner.

With multitudes of very good point solutions, most built with the assumption of integration, you are able to create a platform that does exactly what you want. Of course, the integration work can be extensive and requires a large internal development staff or hiring of an external professional services firm to do this work. An example of this is the University of Notre Dame's Nexus platform, which has Open edX (an open source LMS) at its core, integrates more than a dozen other software tools, and has a custom front end.

A traditional commercial Learning Management System (LMS) is a platform that provides the basic functionality necessary for developing and hosting an online course.

Custom Built Learning Platform

Last is the full custom built learning platform. In this situation, you build all or most of the technology you need from scratch with everything focused on serving the business plan, learner, and pedagogy. This takes the most time and in many cases is the most expensive, but you get exactly what you need and have complete control over the experience and direction.

A good example of a full custom learning platform is the CGMA courses from the AICPA, which are custom built as an adaptive learning experience for experienced accounting and finance professionals—or HBX, a custom platform built for Harvard Business School to deliver very high end business certificate courses.

With a full custom learning platform, you build the technology you need from scratch with everything focused on serving the business plan, learner, and pedagogy.

What are the advantages of each and how do you choose?

Are you hoping this next section would tell you which is the best solution? Sorry, there is no such thing.

Every situation calls for a different solution. Platform decisions are complicated, especially where you have constraints in time, resources and money — and who doesn't?

At the risk of trying to simplify something that can't really be simplified, here are some thoughts to guide you. Note that this guidance can be one dimensional — if you are just choosing the best option based on one specific issue.

But in reality that is rarely the case. However, it should help you think this through, and you might find that your needs repeatedly point more toward one solution than another.

As an alternative, this might be a good place to stop reading and contact ExtensionEngine for a consult. One of our principal learning strategists will understand your situation and provide guidance on options you should explore.

In a market that is more competitive, You need to stand out, create a unique offering, provide value, and push your brand.

Considerations

How competitive is the market?

In a market where you have very little competition, you may not need to stand out nor invest in heavily differentiated learning. In this case, an LMS-based solution (traditional, open source or modern) might suffice. With little competition, the advantages of destination sites are also less important — you don't need to pay to be on their storefront if you are the only product in the store. Nor does the high differentiation available with a learning management ecosystem or custom platform make sense in a noncompetitive market.

In a market that is more competitive, the opposite is true. You need to stand out, create a unique offering, provide value, and push your brand. For small projects, destination sites can be a great way to reach the masses and leverage the “people in the store.” However, if there are numerous competitors on that site, it is very difficult to stand out, since these platforms are homogeneous. Traditional and open source LMS solutions tend to be very limiting and will likely group you in the “me too” bucket. So you will need to look at a modern LMS at the very least.

Of course learning ecosystems or full custom platforms are the best fit in highly competitive markets because they allow you to create a differentiated, branded product with no limitations imposed.



How Competitive is Your Market?

HIGH	<p>Full Custom Learning Platform</p> <p>Makes possible highly competitive learning that is:</p> <ul style="list-style-type: none">• Extremely differentiated, valued, brand-focused• Built from scratch to serve business plans, learners, pedagogy• Not limited by platform capabilities <p>Learning Management Ecosystem</p> <p>“Point” solutions increase competitiveness by allowing you to:</p> <ul style="list-style-type: none">• Knit together a customized offering• Build a custom front end to stand out from the competition
MID	<p>Open Source LMS</p> <p>Allows for:</p> <ul style="list-style-type: none">• Some customization (with vendor configuration)• Some points of differentiation <p>Modern LMS</p> <p>Improves competitiveness by enabling:</p> <ul style="list-style-type: none">• Specialized pedagogy or learner experience• A unique offering with less differentiation <p>Destination Sites</p> <p>Ideal for small projects with little competition, allows you to:</p> <ul style="list-style-type: none">• Author and upload courses• Leverage “people in the store”
LOW	<p>Traditional LMS</p> <p>Best used when there’s no competition, and therefore:</p> <ul style="list-style-type: none">• No need to differentiate for competitive purposes• No need to invest beyond basic LMS functionality (course authoring, learner profiles, and progress/grading)

Case Study: A Leading Management Consulting Firm

When competition is high, you need to differentiate.

One might not think that a major consultancy would need to differentiate, but that's not the case in a crowded educational space. This firm not only wanted to stand out but also wanted to change the way organizations think about leadership and management education, and to provide a distinctive alternative to university and traditional programs.

To achieve this goal, they opted to build a Custom Learning Experience to develop an immersive educational journey that includes the opportunities to work and collaborate online, something difficult to implement with a traditional LMS. The central space for this experience is a distinctive dashboard that provides easy access to resources and collaboration tools, including discussion boards and group projects, and a detailed calendar. The dashboard also displays a student's courses within a program and their progress through the program.

On the backend, the admin dashboard allows the organization to create custom cohorts and control clients' groups. It also allows detailed reporting, bulk enrollment of new learners, communications tools, the means to assign project teams, application of client branding, and the administration of course access and roles internally.

The dashboard has delivered a clearly differentiated experience to over 10,000 participants from over 100 companies. The completion rate: nearly 95 percent — unheard of in most corporate online learning.

What are the learner's expectations and incentives?

If you are offering education that learners are required to take, they have an incentive to pay for the course and complete it. Their expectations for quality and their need for an engaging learning experience may be low. Or you may have an audience that is not generally demanding. In these cases, an LMS-based solution (traditional, open source, or modern) might suffice as the experience will be equivalent to the cost or expectation. You may also be able to use a destination site and reduce your need for infrastructure.

In situations where your learners' expectations are very high, you will likely need to provide them with an experience that meets their expectations so that the experience itself is an incentive to complete the course. In this case, your students are both learners and customers making a purchase decision. To win their investment, your learning experience will need to excite, engage, and leave them feeling that they are actually learning. It needs to reflect the sophistication and experience they are accustomed to as users of modern-day technology.

Exciting experiences are not typical of LMS-based solutions, most of which were designed for corporate L&D or classroom learning where the education is required. To create something that really excites, meets expectations, and justifies learner investment, you may need a learning ecosystem or full custom solution.

	PLATFORM OPTIONS	RATIONALE
HIGH EXPECTATIONS	Full Custom Learning Platform Learning Management Ecosystem	High-end platforms attract customers by providing: <ul style="list-style-type: none">• Unique learning experiences that prioritize the learner and learning outcomes• Engaging experiences that meet user expectations
LOW EXPECTATIONS	Open Source LMS Modern LMS Traditional LMS Destination Sites	Low-cost prebuilt platforms are suitable where: <ul style="list-style-type: none">• Education is required and learners only care about completion• There is little demand that learning be engaging or distinctive• Desired investment is low

Case Study: SmithsonianX

When learner experience is important, learner experience comes first.

A particularly impressive example of the kind of learner experience possible with today's technology lies in a course the Smithsonian Institution created. The Rise of SuperHeroes and Their Impact on Pop Culture covers the birth of the first comic book superheroes and their impact upon culture and society.

As a learner experience, the course goes beyond the intellectual exploration delivered by experts Stan Lee and Michael Uslan; it provides a platform for participants to actually design their own superheroes and put them into "action."

Students begin to deconstruct how superheroes were originally conceived by choosing a mythical figure as inspiration plus a contemporary social issue to serve as a springboard for their creation's superpowers and weaknesses. They then design the actual superhero, as well as a supervillain antagonist, write a brief scene, and, last, sketch a few sample panels of their original concept. The work is collected in "Superhero Sketchpads" that reside on the platform.

The Smithsonian wanted to go beyond the individual artist to create a community around the course. To encourage social collaboration, ExtensionEngine helped them augment the edX discussion boards and built communities of practice on Facebook and Reddit. We also created opportunities for face-to-face interactions via Meetups.

The course has been extremely successful in meeting learner expectations. The Rise of the Superheroes has generated 6-8 times the typical user engagement, and thousands of verified certificates of completion have been issued to those who choose to pay for the course. So far, over 2000+ original Superhero Sketchpads have been submitted for the course with more added each time the course is offered.

Sound interesting? [You can take the course yourself!](#)

What is your budget and revenue expectation?

As with any other product, the higher the quality and the more value your course provides, the higher the price point you can command. And, of course, the opposite is true — in most cases, where the quality and value are low, the price needs to be low.

Many of the clients we work with look at their offering mostly from a cost perspective — i.e. what must we spend to put this online? But if you're interested in profits, you know that cost is only one side of the equation. You want revenues that will produce a high return on your investment. Ideally, you will spend little and earn a lot. But how realistic is that expectation in this environment?

Remember, your learners are customers, and they are savvy buyers to boot. So we recommend working backwards to identify the level of sophistication your product must have to earn their business. Then determine what you must spend to produce the product based on those considerations. From there, comes your price point. Is it competitive with other products on the market? If not, does it deliver significantly more value than other products on the market in terms of user experience, learning outcomes, and time to efficacy?

In many cases, you will need to look to a learning management ecosystem or full custom solution to create a sophisticated enough offering to satisfy the market. Finding the money to invest in this is worth it, even if it's expensive, because your ROI can be very high.

If, on the other hand, your course or program — no matter how great and how much value — cannot produce high revenues, then your investment should reflect that finding. Why invest in a platform if the expected ROI is low? In this case, you might want to turn to less customizable options.

What is your budget and revenue expectation?

	PLATFORM OPTIONS	RATIONALE
HIGH REVENUE OPPORTUNITY	Full Custom Learning Platform Learning Management Ecosystem	Drives high ROI by enabling: <ul style="list-style-type: none"> • A sophisticated product that impresses customers and earns their business • High-quality learning that provides value for learners and so commands a higher price point
SOME REVENUE OPPORTUNITY	Open Source LMS Modern LMS	Attracts customers to generate moderate revenues by: <ul style="list-style-type: none"> • Integrating unique pedagogies into the user experience • Allowing small customizations or learner-centric experiences
LOW REVENUE OPPORTUNITY	Traditional LMS Destination Sites	Suitable when there is little revenue opportunity, provides: <ul style="list-style-type: none"> • Out-of-the-box functionality • Lower quality products with lower price points

How important are pedagogy and learning outcomes?

Today's leading edge technologies and learning sciences enable you to incorporate a wider range of pedagogies than was once possible. You now have the freedom to design your course to deliver the best learning outcomes rather than contort it to conform to a platform's capabilities.

Some models are not as dependent on high learner satisfaction. With required learning, for example, it's often more important that the learning was simply completed. Along the same lines, if you have little or no competition, learners may simply be satisfied by the fact that the product was available. If this is the case, using a destination site to host your learning or a commercial LMS will provide you with the means to get content to the learner without needing to spend too much time considering the learners experience.

If you're building a product that you want to attract, engage and retain learners, to incorporate your "special sauce", and to be organically marketable, your product needs to reflect those lofty goals. In this case, you'll need to turn to a custom platform or a "knitted" ecosystem that will allow you to create a competitive learning experience based on learners' needs, wants, and desired outcomes.

More customized solutions allow you to focus solely on what experience is best for the learners, building the product around those considerations. They also allow you to incorporate your brand to further promote your product, and to build and reinforce a positive reputation. Your course must also ensure that students achieve learning objectives while it provides the same sophisticated interactive experience they have become accustomed to in web apps — and that it fits into their busy schedule, including including mobile accessibility wherever possible.

Finally, in order to earn market share, your course must provide a differentiated experience that attracts, retains, and evangelizes learners. The only way to deliver all of this is to customize in the form of a custom learning platform or integrated learning ecosystem.

LEARNER SATISFACTION		PLATFORM OPTIONS	RATIONALE
VERY IMPORTANT	Full Custom Learning Platform	Learning Management Ecosystem	Creates high customer satisfaction by: <ul style="list-style-type: none">Basing the learning experience solely on customer needs and desired outcomesMeeting customer expectations of a sophisticated user experience
		Open Source LMS	
	Modern LMS	Traditional LMS	Ideal when learner satisfaction is a low priority, including when: <ul style="list-style-type: none">There is little competition or revenue potentialThe goal is simply to get content to the learnerLearning is required and completion is the main desired outcome
		Destination Sites	

Case Study - Fitch Learning

When learner satisfaction is key, you must deliver.

Fitch Learning wanted to transform a successful classroom course which prepared learners to pass a rigorous financial exam into a global, flexible, blended B2C solution capable of expanding into new territories and gaining them market share.

The transformation started with a full analysis of student needs. The learners ranged from grad students to long-time professionals who are technologically sophisticated, busy, and expect a digital experience they can consume on the run.

To satisfy this student base, Fitch Learning choose to develop a Custom Learning Experience that is now providing:

- A sympathetic user experience that guides a learner quickly and efficiently through an immense body of knowledge in small, digestible and interactive chunks
- A navigation to guide learners through three levels of study: acquiring knowledge, focusing that knowledge, then applying it in a simulated exam
- Feedback on individual progress and areas of needed remediation relative to a specific exam date
- Mobile delivery of the entire course

The new interface was built on top of an open source LMS and provides a customizable platform Fitch Learning's future digital offerings — and their ongoing business success.

Which platform is right for you?

Here's a way to map your needs to determine which platform might be best for your online learning. For each of the considerations along the bottom, place a fairly large checkmark in the middle of the appropriate box above it. Note that the high/medium/low ratings coincide with the tables above; they aren't the same for each consideration.

Once you've placed the checkmarks, take a look at the map to see how they are distributed. The distribution can indicate which platform (along the right) is a viable option for your offering. The more clustered your checkmarks, the stronger the indication.

						FULL CUSTOM
						LM ECOSYSTEM
						MODERN LMS
						OPEN SOURCE LMS
						DESTINATION SITE
						TRADITIONAL LMS
COMPETITION Low/Med/High? 	LEARNER EXPECTATIONS Low/High? 	BUDGET/REVENUE EXPECTATIONS Low/Med/High? 	IMPORTANCE OF PEDAGOGY AND OUTCOMES Low/High? 	IMPORTANCE OF LEARNER SATISFACTION Low/High? 		

OUR PERSPECTIVE

ExtensionEngine develops Custom Learning

Experiences—differentiated learning experiences that help our clients produce competitive, customized, and unique offerings to generate revenue and impact. So, we're biased when it comes to choosing a platform — we specialize in customization.

While the traditional LMS may be a component of a viable online training business, it is rarely the complete solution. Traditional online learning programs tend to be undifferentiated and antiquated, and often fall short in producing learning outcomes. If your goal is to generate revenue and win market share, you are likely to need a full technology platform with tools that engage the learner and adapt to your strategy, constraints, competition and business model — the Custom Learning Experience.

We are experts in Custom Learning Experiences.

We developed Custom Learning Experiences through our work with clients like Fitch Learning, AICPA, The Kauffman Foundation, Life is Good Kids Foundation, Year Up, J&J, MIT, and Harvard. Custom Learning Experiences have helped these and other exceptional universities, corporations, and nonprofit organizations deliver innovative and effective online learning.

Services

With a staff of over 70 online learning experts, we help our clients with each aspect of building a Custom Learning Experience, including strategy, instructional design, platform development, creative, program management, and marketing services.

Contact us

Edward Daciuk has worked with some of the world's best known companies on learning strategy and implementation. He is known for his innovative, challenging thinking and expertise in cutting edge online learning. He has a B.S. from The Wharton School at University of Pennsylvania.



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